

A Brief Description of Metrics for Determining Impact in the Bakken Region

Presented to:

***The Honorable Montana State Legislators and Governor Bullock
Montana State Capitol***

RE: Tier 1 Community Statistics for Bakken Impact Need (Sidney, Bainville, Culbertson, Glendive, and Fairview) Draft Letter February 16, 2015

We, the five signatories to this letter, hope that those assisting the legislature may use this information in support of the Eastern Montana Coalition efforts to date for obtaining infrastructure financing. All of us have on-going projects that have been demanded by the growth in order to comply with state and federal regulations. None of us has obtained any special funding considerations, though we do thank the State for all help provided through the long-established TSEP, DNRC, RD and CDBG programs.

This letter is intended to provide verifiable metrics for demonstrating growth and impact. We hope that these findings will help clarify the degree of impact.

Growth

It is difficult to measure population increases simply by looking at increased water demand, or increased numbers of connections. While homes that once housed one small family may now house two, or even three families, the amount of water usage does not increase proportionally, since there is still the same amount of lawn space to be watered and larger and more efficient laundry loads are used. Also, adding persons to an apartment or home or trailer park does not involve adding new water or sewer connections, nor approval of more housing units.

City and town services are often used by persons living outside of the city or town, who pay no taxes to the community. City services such as law enforcement are heavily impacted by persons that do not support the tax base required for such services.

This short study looks at several major means of demonstrating metrics for growth and impact. All figures are provided by the communities and may be verified as the figures are not guesses or based on emotion.

Interestingly, three main changes to our cities and towns stand out as major indicators to growth, these are: trash collections, school enrollment, and to a lesser extent, crime rates.

Increases in trash collections show direct population impact—especially short term. Although no new water services may be noted when a previously empty apartment is again occupied, there

will be an increase in trash collections. Crime rates do the same, but increases in crime rates (increasing by several hundred percent in Sidney) represents short-term population increase.

Increase in school enrollment is perhaps the best indicator of long-term growth, though school districts may extend well beyond the town limits, thereby over-estimating long-term growth in towns like Bainville. While single workers can live in man-camps, those that come to Montana with their families are much more likely to become long-term residents. In all cases, increases in school enrollment show a lower percentage in growth as compared with trash tonnage or crime.

The actual percentage of increase in population should be more closely reflected by increases in trash pick-up. Increases in school enrollment demonstrate that amount of growth which may be considered more permanent. Thus if crime and trash collections has doubled, but school enrollment is only up 20%, then **although the City is providing twice the amount of services for a current doubled population, in the long term it will only have a long-term population increase of about 20% to help pay off any debts realized while trying to support the actual growth today.** This is very important when considering ability to pay long-term debt.

In summary the three following statistics are presented and tempered as described below:

- Crime Rates: Higher than the proportional increase in population
- Garbage Pick Up: Fairly good estimate of population increase and increased infrastructure needs, but over-estimates long-term growth
- School Enrollment: Under-estimates the current population by not including single workers or those with families out-of-state; but does give a fair indicator of long-term population increase percentages, which may be used for calculating payment of long term debt (however, in the case of Bainville, where a significant number of out-of-town residents also use the school, it overestimates long-term in-town population).

The Growth

Crime Rates

Crime incidents:

	Non-Violent			Violent		
	2008	2013	%Increase	2008	2013	% Increase
Sidney:	991	3,627	266%	44	267	507%
*Glendive:	552	737	34%	41	77	88%
*Fairview	53	161	210%	23	23	0%

**Glendive and Fairview statistics are 2007/2014*

*Violent crime does not include narcotics crime rate, which in Sidney increased 785%.
Data specific to Bainville and Culbertson were not available*

Garbage Collection:

	Tonnage/yr		
	2007	2013	%Increase
Sidney:	4,500	7,822	74%
Bainville:	104	273	162%
Fairview:	659	1,020	55%
Culbertson:	591	801	36%
Glendive:	9,654	13,923	44%

Sidney is for 2010 (estimated) vs 2013 actual (however, the City no longer picks up appliances)

School Enrollment:

	2010/11	2013/14	%Increase	%Increase/yr
*Sidney:	1152	1307	13.5%	2%
Bainville 2007-14:	77	183	137.7%	23%
Fairview 2007-13:	303	322	6.3%	1%
Culbertson:	N/A	N/A	N/A	N/A
Glendive:	1094	1276	16.6	5.5%

**Interestingly, the 2000/01 school year at Sidney was even higher at 1428, before declining; Glendive had reached 1,856 in 1988, then sharply declined through 2011, showing the impact of boom-bust environments where a City can quickly lose much of its rate-payer base, leaving the remaining persons to foot the bill for long-term debt.*

As you may see, although the number of people living in Sidney has increased by about 74% based on trash collections (consistent with other estimates) the school population has increased only 13%. While Sidney must provide water, sewer, police and other services to meet the 74% growth, there will not be nearly as high an increase in long-term rate payers.

The Cost to our communities

In estimating the cost to our communities for basic water and sewer services, it is reasonable to assume that our communities will continue to apply for all grants available within the state.

While some CDBG funding may be available to others, none of our communities are currently eligible based on the 2010 Census, since the sharp rise in employment has left us with less than 51% Low-to-Moderate Income families (LMI). Similarly, our communities are not eligible for grants through the USDA Rural Development (RD) program, and better loan terms may be had with the State Revolving Fund. The following estimates assume that all of us will be able to obtain \$625,000 in TSEP funds and \$125,000 in DNRC RRGL funds annually, and loan funding through the SRF program at 2.5% interest over a term of 20 years.

Combined Water and Sewer User Rates

	2007	Current	%Increase	Est by 2018*	% Increase*
Sidney:	\$29.03	\$73.58	160%	\$142.48	390%
Bainville:		\$113.16			
Fairview:	\$28.08	\$28.08	0	\$70.00	150%
Culbertson:	\$18.50	\$62.57	238%		
Glendive:	\$37.13	\$90.25	143%		

Estimated by 2018 assumes two successful TSEP and DNRC grants and Impact Fees all received for each municipality. Bainville also includes a CDBG grant

Impact fees

	Prior to 2007	Current
Bainville	\$0.00	\$7,300/unit (wastewater)
Sidney	\$0.00	\$5,838/unit (water, wastewater, parks, etc.)

No Impact fees are yet established for Glendive, Fairview, or Culbertson

While the oil revenue now is very good for The State of Montana, and the increased oil production is good for our nation, it has been a great financial burden to our highly-impacted communities, particularly for fixed-income persons who have already had to deal with local inflation and a dramatic increase in the number of unfamiliar faces.

We hope that this discussion will clarify that it is possible to provide non-subjective metrics to demonstrate actual impact. We believe this data may be used to examine the relationship between short-term growth for which municipal improvements must be designed for, vs. the lesser long-term growth that limits the number of rate payers to pay back any loans needed for such improvements.

Thank you for all your consideration.

Sincerely,

Mayor Richard Norby—City of Sidney

Mayor Dennis Portra—Town of Bainville